UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY

DEFENSE DISTRIBUTED, . Case No. 3:19-cv-04753-AET-TJB

ET AL.,

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Plaintiffs,

402 East State Street

v. . Trenton, NJ 08608

GURBIR S. GREWAL,

ATTORNEY GENERAL OF THE

NEW JERSEY,

•

Defendant.

March 7, 2019

1:59 p.m.

TRANSCRIPT OF STATUS CONFERENCE BEFORE HONORABLE ANNE E. THOMPSON UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

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By: CHAD FLORES, ESQ.

1221 McKinney Street, Suite 4500 Houston, TX 77010

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MS. MEDOWAY: Good afternoon, Your Honor. Melissa

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1 Medoway appearing on behalf of the defendant, New Jersey -- the
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   State of New Jersey.
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             THE COURT:
                         Medoway. All right. And with you?
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             MR. MORAMARCO: Glenn Moramarco, Your Honor.
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                        Mr. Moramarco. Very well.
             THE COURT:
             All right. We had set this date for a conference.
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   I'm not sure now exactly how it was scheduled because we do
 8 \parallel have the future dates also set up. But, at any rate, today is
  the conference. I think it was the State of New Jersey that
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10 requested the conference, so I'll hear from you. Who would
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   like to speak?
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             MS. MEDOWAY: I would, Your Honor. Would you prefer
13 that I remain here, or --
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             THE COURT: I would prefer if you came to the
15 podium --
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             MS. MEDOWAY: Certainly.
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             THE COURT: -- because I can hear you better.
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             MS. MEDOWAY: Certainly.
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             THE COURT: And shout when you get there.
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             MS. MEDOWAY: Okay.
             Good afternoon, Your Honor. The reason why we're
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22 here today is because New Jersey is being sued by plaintiffs,
23\parallel Defense Distributed and the Second Amendment Foundation, over
24 the same law in two different lawsuits in plain violation of
25 black letter law.
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There are two lawsuits. There's the first that was 2 filed in the Western District of Texas this past summer, and the second that was filed and is being heard by Your Honor. 4 The lawsuits are challenging the exact same law be enforced --5 Section 3(1)(2), a recently enacted firearm statute in New Jersey. Not only that, the cases are based on essentially the same facts and they are grounded in exactly the same legal arguments.

To give the Court a bit of background, in July 2018, 10 Defense Distributed and the Second Amendment Foundation, plaintiffs in this lawsuit, filed a case in the Western District of Texas against the New Jersey Attorney General as well as other state and local officials. In November of 2018, the plaintiffs, Defense Distributed and the Second Amendment Foundation, filed for a temporary restraining order enjoining Section 3(1)(2), again, the same statute they are trying to enjoin in their litigation before Your Honor. That temporary restraining order was denied.

Then, in December of 2018, plaintiffs, Defense 20 Distributed and the Second Amendment Foundation, filed a second motion for a temporary restraining order and a preliminary injunction. That second motion was also denied for a temporary restraining order. And in January of 2019, the entire case in the Western District of Texas was dismissed for lack of jurisdiction, and the motion for a preliminary injunction was

also denied at that time.

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Now, after the case was dismissed, plaintiffs, Defense Distributed and the Second Amendment Foundation, along with other plaintiffs, filed this suit in New Jersey. 5 thought -- our office thought that was completely reasonable and was prepared to defend this lawsuit in New Jersey, and -because we, in good faith, believed that the Texas litigation was over. The case had been dismissed and there was no jurisdiction, and a second lawsuit had been filed in New Jersey where, presumably, there was jurisdiction.

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Then, last week, plaintiffs, Defense Distributed and 12 \parallel the Second Amendment Foundation, filed a motion in the Western District of Texas, and they were -- they are seeking to amend or alter the January 2019 judgment that had dismissed the litigation as to the New Jersey Attorney General. Now, it's important to note what relief they are seeking in that case.

First, they are seeking that the court should amend the judgment by withdrawing the decision to dismiss the plaintiffs' action as to all defendants or, in the alternative, plaintiffs, Defense Distributed and the Second Amendment Foundation, are seeking only to amend the judgment by withdrawing the decision to dismiss as to the New Jersey Attorney General. So, either way, they're seeking to reopen this litigation, relitigate the case in Texas, and bring New Jersey back into that case.

Plaintiffs' efforts to litigate the same claims 2 against the New Jersey Attorney General in multiple jurisdictions, it's plainly improper. And under the wellsettled first-filed rule, the --

THE COURT: In the motion that has -- recent 6 motion --

MS. MEDOWAY: Yes.

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THE COURT: What are they seeking to do with regard to New Jersey?

MS. MEDOWAY: They're seeking to amend the January 30, 2019, judgment that had dismissed the litigation as 12 to the New Jersey Attorney General, and they're asking that 13 that decision be withdrawn and the plaintiffs be able to proceed as to all defendants, or if they're not able to proceed as to all defendants, that they are able to proceed as to the New Jersey Attorney General.

> THE COURT: Okay.

MS. MEDOWAY: And this is fundamentally unfair. 19∥ case Chavez vs. Dole Food Company is instructive. That case is 20 found at 836 F.3d 205 (3d Cir. 2016). And that case held that the first-filed rule is a comity-based doctrine stating that where duplicative lawsuits, such as the one in the Western 23 District of Texas and this case, are filed in -- successively in two different federal courts, the court where the action was first filed has priority. In this case, that would be the

court in the Western District of Texas.

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Chavez also instructs that when there are duplicative actions that are filed one after the other, the subsequent $4 \parallel$ litigation should be stayed until the first litigation is 5 resolved. It is fundamentally unfair and inequitable to make 6 New Jersey defend itself in multiple -- in two lawsuits. And moreover, litigating this case in both the Western District of Texas and here in New Jersey could lead to problems.

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It's going to cause a waste of judicial resources. $10 \parallel \text{It could lead to inconsistent judgments.}$ And it causes unnecessary friction between the courts. Consequently, the New Jersey Attorney General is respectfully requesting that the -this Court stay all proceedings in this case until there is a final resolution of the Texas case. That is, 31 days after any denial of their motion to amend or following the resolution of any appeal of that decision.

Thank you, Your Honor.

THE COURT: Thank you.

All right. Let me hear from the plaintiffs.

MR. FLORES: Your Honor, this is Chad Flores in

21 Houston. Can you still hear me okay?

THE COURT: I can, just fine.

MR. FLORES: Okay. Great.

Our position is two-fold. There is a procedural part of our position and there is a substantive part of our

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And I'll start with the procedure and then go to the 1 position. substance if we need to.

Procedurally, first we submit that this is a status conference. This event now is not an occasion to decide whether or not to grant the stay. In the filing that we have $6\parallel$ given the Court, this is Document 21, we explain that the way that the Attorney General has presented this request does not comply with the rules. We have not been afforded an opportunity to respond like we usually would, and so the Court shouldn't address this argument.

Now, it's not that they shouldn't address it all, it's just not yet. If the State of New Jersey wants to submit this argument as part of their response to the motion for a preliminary injunction, they are perfectly free to do so. And if they want to actually present this argument as a motion, like they would under Rule 12, they're perfectly free to do so and we should be afforded an opportunity to respond. But to do so by letter violates the Court's procedural rules.

So that's our first argument is that we shouldn't 20 address this now. And we have lodged that objection. Court has two options to deal with that. Number one is to grant the plaintiffs' objection to the form in which this is brought and refuse to consider this letter that you've gotten -- that's the Document 20 letter -- as a motion. And in that case, the defendant can present this as an actual motion

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or they can do it later and we can address this in due course.

The second option if the Court wants to overrule our objection is to consider this letter that was filed, Document 20, as a motion, and then identify an actual motion 5 day so that we can work backwards to determine a response deadline and give a reply deadline and so forth.

This argument doesn't need to be handled unlike any other typical Rule 12 argument. We can brief it normally and consider it with a good amount of contemplation. There's no emergency. The State of New Jersey is not the one that's going to suffer any irreparable harm here. Of course, the irreparable harm is being suffered by the plaintiffs. 13 why we have a fast-track preliminary injunction proceeding.

So I have a lot to say about the merits of the stay argument you just heard, and you know, we'll be glad to go brief that in full. If the Court wants it today, I can give you a preview of what I think our seven reasons that you're not going to rule in their favor and grant that stay. But, procedurally, it's critically important that we receive due 20 process here and not be thrown into the fray unfairly.

So I think we should start with the procedure and then, only if necessary, I can submit the substantive arguments.

THE COURT: Well, you know, I have a lot of respect 25 for the rules and following procedures, and some people call

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1 that due process, but we function very much as seems practical $2 \parallel$ and fair and prompt and efficient. And so, I don't feel in any way constrained to require motion practice rules when a party 4 seeks a stay. And I'm confident that you could respond, and $5 \parallel \text{I'd}$ really like you to do so, as to why a stay in this case 6 would be unfair.

MR. FLORES: Sure, Your Honor. I'd be --

THE COURT: Because it seems to me that without question this lawsuit should not be active in two different district courts at the same time. And if you're seeking reconsideration by Judge Pitman in the Western District of Texas, and maybe an appeal to the Fifth Circuit, then clearly, we should not be using resources to launch preliminary injunction hearings here in New Jersey. So I -- you -- I want you to tell me why you think I'm looking at this from the wrong way.

MR. FLORES: Sure, Your Honor, I'd be happy to.

If I can, let me start with a doctrinal piece and 19∥ then give you two critical points about the procedural posture 20 that I think are key.

The doctrinal piece is that the State of New Jersey has cited you the Chavez decision and if the Court will review it, what you'll see is that there is no hard and fast per se rule about stopping one case or letting another case go. It is indeed, as the Court has suggested, a practical doctrine routed

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in fairness. And on one side of the coin, we certainly don't 2 want litigants to be pursuing exactly the same issues in two different courts. But on the other side of the coin, and you'll see this in both the Chavez decision and the others that the defendant has cited, you also don't want to leave litigants with no remedy whatsoever. And that, in fact, is what New Jersey is seeking here. They want us to have no place to litigate the case, and I'll explain.

> THE COURT: Why do you say that? You chose Houston. MR. FLORES: I have two reasons, Your Honor.

Number one, is that recall, first of all, the number of plaintiffs in this case. Defense Distributed and the Second Amendment Foundation are plaintiffs both here and in the Texas case, but the case before you has five other plaintiffs who are not involved at all in the Texas case. And so, no matter what, those plaintiffs are equally entitled to adjudication. have claims that are equally as strong.

And so, at the absolute worst, you would be talking about dividing up this case and saying that some of the plaintiffs go forward and others may not. But I think I can explain to you why, even as to Defense Distributed and the Second Amendment Foundation, the stay argument doesn't work. But recall that we definitely have five plaintiffs as to which there is absolutely no argument about a stay here. analysis goes issue by issue and party by party, and so those

five defendants can't be stayed at all.

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Now as to the two defendants -- excuse me, the two 3 plaintiffs, Defense Distributed and the Second Amendment 4 Foundation, their case is over in Texas. There is a final 5 judgment that's been issued with res judicata effect that says 6 the following, "Plaintiffs may pursue their claims in a court of proper jurisdiction."

The only issue being possibly litigated -- it's not even being litigated, but might be litigated if there is 10 hypothetically an appeal, is the question of personal jurisdiction.

THE COURT: A big issue.

MR. FLORES: I'm sorry?

THE COURT: Big issue.

MR. FLORES: It is a big issue, but that's not being litigated here, Your Honor. The plaintiffs need some court somewhere to litigate the merits. That's not happening in Texas now. There's a final judgment. That won't happen if 19∥ there's an appeal. The only issue on appeal will be personal jurisdiction.

Now, let me be clear, Your Honor --

THE COURT: Wait a second. What happens -- what is 23 this motion for reconsideration that you filed in Texas?

MR. FLORES: Your Honor, that motion responds to the judgment. The judgment is a --

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THE COURT: Yes, and what is it for? What is it for? MR. FLORES: It's a Rule 59 motion that asks the court to exercise jurisdiction which it hasn't done. currently --

THE COURT: And what about New Jersey are you seeking to happen in that filing?

MR. FLORES: As to New Jersey, the filing in Texas asks the district court to exercise jurisdiction and decide the merits. If it did that, we think that we would have an important stay argument to make here, but that's a hypothetical. The Texas court is not exercising jurisdiction over the merits, and so this is just a future hypothesis, Your 13 Honor.

If the Fifth Circuit appeal were to succeed and tell the district court in Texas -- district court in Texas, you should now address the merits -- then we would have duplication of merits litigation. But we don't have that now. And -- so that's essentially the situation is that there's no litigation 19 of the merits going on in Texas. Recall --

THE COURT: Well, isn't that just because the judge there, in his January 30th order, dismissed without prejudice the plaintiffs, and then you filed for reconsideration. So something is going on.

MR. FLORES: That's correct, Your Honor. But the stay doctrine would only come into play if that effort succeeds

and the district court there actually starts exercising jurisdiction again.

THE COURT: Wait a minute. Wait a minute.

The stay would require us to exercise patience until Judge Pitman has ruled on your motion. That's all.

Isn't that all?

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MR. FLORES: I would want to have the defendants ask how long their stay would last. If the question is stay until Judge Pitman rules on the motion, I think that we would be back here quite immediately for two reasons.

Number one is that I suspect the motion -- the motion 12 \parallel to reconsider is going to be ruled on quite quickly. And 13 number two --

THE COURT: Really?

MR. FLORES: Yes, Your Honor. I think some of the 16 pace of the proceedings there has been quite prompt. All -the responses to that motion have already been filed and things will go quickly there. The State of New Jersey filed their 19 response.

THE COURT: All right. Let me ask -- let me ask the State of New Jersey.

You're seeking a stay are you not?

MS. MEDOWAY: Yes, Your Honor.

THE COURT: What was your contemplation of how long 25 that stay would take?

MS. MEDOWAY: Your Honor, the State is requesting $2 \parallel$ that there be a stay until 31 days after the decision on the motion to reconsider, so that would be essentially the time for 4 the -- a notice of appeal to be filed, or in the alternative, 5 the resolution of any appeal of that decision.

Essentially, we want the Texas litigation to be complete. So if there's a -- going to be an appeal, the stay should last until that appeal is resolved. Your Honor, if counsel indicates that they will not appeal, then after the decision on the motion to reconsider, then the stay in this case could be lifted. But, again, what we're seeking is a stay until there's complete resolution of that case in Texas.

THE COURT: Did you hear Counsel for the State of New Jersey? Can you hear her?

MR. FLORES: Yes, Your Honor. Yes, Your Honor.

THE COURT: What's your reaction to what she just

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MR. FLORES: I have two reactions, Your Honor.

19∥Number -- I -- let's call it three. I will be prompt.

Reaction number one is that nothing that has been said answers the five plaintiffs that have nothing to do with the Texas case. So their track doesn't change at all. This is only about two of the plaintiffs. You know, all of our other proceedings still have to go forward.

As to the two plaintiffs we're talking about, Defense

1 Distributed and the Second Amendment Foundation, the law that 2 they have invoked does not require a stay in these circumstances because the issue is different, right. The issue 4 here is the merits.

If the Court stays this litigation, there will be no $6\parallel$ court where we can ask for a preliminary injunction and an adjudication of the merits. None.

THE COURT: No.

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MR. FLORES: So, as a practical matter, it leaves us without a remedy. Until Texas decides to exercise jurisdiction, we can't do that there.

And the third thing I'll say, Your Honor, is that I 13∥ don't think we should be -- that we being Defense Distributed and the Second Amendment Foundation should be put to that choice, but if they are, my understanding, and I don't want to create a binding representation here, is that we would essentially let the case go and disclaim any appeal immediately so as to proceed here in New Jersey. So we will be back almost immediately.

Now, we shouldn't be put to that choice and I think it would be error to require that, and so we are not volunteering that as our action, but to tell the Court in candor how that would go, I think that's how it would happen.

THE COURT: Very interesting.

All right. Has anyone else got something to say with

regard to this matter this afternoon?

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MR. FLORES: Your Honor, may I say two minor points?

THE COURT: Sure.

MR. FLORES: One is on the merits and so forth and one is about procedure.

On the merits, it's important to note that the rule that the Attorney General is invoking here, this first-filed rule, was a rule that they violated. After we started the suit in Texas, they sued us in a New Jersey state court action that 10 was removed. That case is over and done now. But remember, this is a practical doctrine. It involves equitable 12 considerations, and having violated that rule once already, I don't think they can come into the court now and claim it to their benefit. That's the last minor substantive point I have.

And the procedural point I would have is that since 16 we haven't had an opportunity to respond, if the Court is inclined to entertain the motion, then we would ask to have leave until the end of business tomorrow to file a response to their stay. I know the Court would want to rule quickly, but we'd like the opportunity to get at least something on file as to the matter.

THE COURT: What would you have to say by tomorrow? I -- you have lots of materials you've submitted here. seems to me it's pretty clear what's being sought. I've got Judge Pitman's opinion right here. I see what has taken place. I've got -- I don't know, let's see.

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I mean, I just can't imagine what would be added by tomorrow. Can you?

MR. FLORES: If the Court has a full understanding of 5 everything that's been argued, then that's a good thing. Let 6 me check one second. I don't think that I have any additional arguments to make, and so --

THE COURT: Sure. If you want a few minutes, go right ahead.

MR. FLORES: No, Your Honor. If the question is what 11 would the filing say, then I would essentially spell out in 12 writing what I've given you today. So that's what we're asking 13 to do. And if the Court has a full understanding and doesn't 14 need that, then we understand the ruling.

THE COURT: Yeah. I -- do you have something to say? MS. MEDOWAY: Yes, Your Honor. If I may address three issues that were raised by Mr. Flores?

THE COURT: You know, I think you have to come to the 19 podium --

MS. MEDOWAY: Yes.

THE COURT: -- for me to hear it.

MS. MEDOWAY: Your Honor, if I could address three of the arguments that were raised by Mr. Flores.

THE COURT: I'd be happy to hear it.

MS. MEDOWAY: Thank you, Your Honor. He raised three

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arguments that I would like to address.

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One, regarding the fact that New Jersey has allegedly violated this first-filed rule. That is incorrect. So let me address that first.

What Mr. Flores is referring to, I believe, is this 6 summer, the New Jersey Attorney General had sent a letter to Defense Distributed indicating that if they were to disseminate the 3D printable gun files on the internet, then New Jersey would file suit. After receiving that letter, Defense Distributed filed in Texas.

Now, the first-filed rule is a -- is an equitable 12 \parallel one. And here, it would not be employed in a case where knowing that they were about to be sued, Defense Distributed sought out a forum that they thought was more advantageous --Texas.

THE COURT: You know what, this is more complicated than I really want to deal with.

MS. MEDOWAY: Okay.

THE COURT: I'm satisfied. I'm not really talking 20 about -- I'm just talking about the practicality --

MS. MEDOWAY: Yes, Your Honor.

THE COURT: -- of the fact that the plaintiffs, two of them have filed in the Western District of Texas a lawsuit, and clearly very thoughtful attorneys, not a fly-by-night lawsuit. And the judge there dismissed, lawsuit was filed

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1 against this Attorney General; Michael Feuer, Los Angeles City 2 Attorney; Andrew Cuomo, New York Governor; Matthew Denn, Attorney General of the State of Delaware; Josh Shapiro, Attorney General of Pennsylvania; and Thomas Wolf, Governor of 5 Pennsylvania.

Now, Judge Pitman, United States District Court, signed on January 30, 2019, dismissal. In 15 pages, he laid out why he believed that dismissal was appropriate for this lawsuit -- no personal jurisdiction for Defendant, Grewal, and so on. Dismissed without prejudice.

So plaintiffs have sought reconsideration. That's --12 | lawyers do that and that's pending. I don't think it makes any sense for this Court to direct its resources to a lawsuit about the same subject here in Trenton, New Jersey, state capitol, while that matter in Texas is still being reconsidered. That's just a practical matter.

If and when that's resolved with regard to the 18∥Governor -- with regard to the Attorney General of the State of New Jersey, then we can turn our attention to this. But it's just a rule of the courts that you don't proceed in two courts at the same time, same parties, same issue.

Now, yes, I realize that there are more plaintiffs here. Here we've got Firearms Policy Coalition, Inc., Firearms Policy Foundation, Calguns Foundation, California Association of Federal Firearms Licenses, Inc., and Brandon Combs.

1 that's the way, you know, our courts try to function 2 efficiently, so they will have to be patient.

I think this case should be stayed. That's how I see 4∥it. I don't see it as complicated. I don't know what more can 5 be said, and so I would enter an order to that effect.

Now, how long does the stay last? Well, you look what makes sense. When -- and I think that that's -- the suggestion made by counsel was not a bad one. When the appeal to the Fifth Circuit time is up. It's not that far in the distant future. Or some other resolution that the parties come up with. But that's the way my order will be worded.

And I thank you very much for your time, your 13∥ patience, and your afternoon. And no snowing here in New Jersey. Just want you to know. But I'd still trade Houston weather for Trenton.

All right. Thank you.

MS. MEDOWAY: Thank you, Your Honor.

THE COURT: Nice to see you.

MR. SCHMUTTER: Thank you, Your Honor.

MR. MORAMARCO: Thank you, Your Honor.

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CERTIFICATION

I, KAREN K. WATSON, court approved transcriber, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of my ability.

/s/ Karen K. Watson KAREN K. WATSON

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